

# **Chapter One INTRODUCTION**

# 1. Introduction

“There is an app for that.” – trademarked by Apple over a decade ago (Gross, 2010), the once highly popularized catchphrase has only become more relevant with time. As of 2020, the global mobile commerce (m-commerce) market is valued at USD 1,397,243.5 million (Euromonitor, 2021c). This valuation comes with a total of 218 billion app installs worldwide (Statista, 2020). Although the mobile app market witnessed a 44% growth fueled by the COVID-19 pandemic in 2020 (Intel, 2020), the app revolution has been equipping marketers and developers with rich consumer data from the ‘always-on, constantly-connected since long before the onset of the pandemic shoppers’ (Lamberton and Stephen, 2016; Lim *et al.*, 2021). The present study examines app marketing in the domain of pureplay multibrand fashion apps to elicit desirable consumer behaviour using agile marketing capabilities (further discussed below).

## 1.1. Context

### 1.1.1. App Marketing

According to Bellman *et al.* (2011) mobile apps can be defined as ‘*software that is downloadable to a mobile device, which prominently displays a brand identity, often via the name of the app and the appearance of a brand logo or icon, throughout the customer experience*’ (McLean *et al.*, 2019). Unlike E-Commerce websites or web apps (responsive web pages created for mobile browsers), native mobile apps are installed on a user’s device. Running on the device itself enables native apps to avail its hardware and software components such as camera, GPS functionality, fingerprint scanners and push notifications (McLean *et al.*, 2019). While this facilitates enhanced marketing capabilities such as geo-marketing, ubiquity, personalization, gamification, incentivization (Kim *et al.*, 2016; Hsu and Chen, 2018), existing research demonstrates that user acquisition and retention still remain challenging due to the extreme competitive landscape (Antwi, 2021; Lim *et al.*, 2021).

### 1.1.2. Pureplay Multibrand Fashion Apps

This study defines a pureplay multibrand fashion app as *a mobile application used by online fashion retailers to sell products from multiple brands under one umbrella store*, for example ASOS and ZALANDO (Desmichela and Kocher, 2020). In fashion retail, multi-brand retailers can be further classified into omnichannel department stores such as Macy’s, Selfridge’s, and Bergdorf Goodman, and pureplay e-tailers like ASOS and Net-a-Porter. Unlike their

omnichannel counterparts, pureplay retailers lack physical stores as a touchpoint and therefore rely solely on their website and apps as the major sales channels (Varley *et al.*, 2019).

Projected to reach USD 7.9 billion in 2025 (Euromonitor, 2021a), the U.A.E's E-Commerce market consists of several pureplay multibrand e-tailers like NAMSHI, 6<sup>th</sup> Street, Noon, etc. (discussed in section 1.2). This presents an opportunity to test a consistently understudied geography in the context of fashion marketing. In terms of market segment, this study investigates only *high street* multibrand fashion apps in the region (Namshi, 6<sup>th</sup> Street, Noon, Styli, and Sivvi) , as consumer behaviour on luxury apps (like Ounass and Farfetch) is likely to differ significantly and would therefore potentially alter the findings of the present study (Desmichela and Kocher, 2020).

#### 1.1.3. Agile Marketing

Agile Marketing is one of the five pieces that make up Marketing 5.0; (the others being Data-driven Marketing, Predictive Marketing, Contextual Marketing, and Augmented Marketing) (Kotler, Kartajaya and Setiawan, 2021). Defined as '*the use of decentralized, cross-functional teams to conceptualize, design, develop, design, and validate products and marketing campaigns rapidly*' (Kotler, Kartajaya and Setiawan, 2021), agile marketing draws inspiration from agile software development and essentially revolves around being able to swiftly respond to market volatility and constantly changing consumer needs (Ewel, 2020). For example, ZARA's go-to-market approach based on real-time analytics, decentralized teams, concurrent processes, flexible channels, and rapid experimentation are all trademarks of an agile strategy producing 10,000 + designs per year (Kotler, Kartajaya and Setiawan, 2021). While recent studies (see Table 3.) have explored various factors to *qualitatively* characterize Agile Marketing Capabilities (AMC's), this research aims to operationalize Agile Marketing using various dimensions and *quantitatively* examine their effectiveness as a precursors to consumer's repurchase intentions.

#### 1.1.4. Repurchase Intentions

As stated by Kotler *et al.* (2008), it costs businesses 'five to ten times more to acquire a new customer than to retain an existing one'. Apart from convincing consumers to devote limited space on their device for an app for every brand, fashion marketers are also tasked with ensuring users retain those apps accompanied by regular updates, long enough to extract a

customer lifetime value higher than costs of acquisition (Antwi, 2021; Lim *et al.*, 2021). While industry practices rely primarily on discounting as an effective user acquisition strategy, this study builds on relatively limited literature in the domain of user retention strategies (Lim *et al.*, 2021). To do so, the research investigates consumer's repurchase intentions arising from agile factors that motivate consumers to engage in repeat purchases from the same retailer's app.

## **1.2. Rationale**

According to a report by eMarketer (2018) and Adjust (2018), based on eight billion apps installs analyzed globally, users are likely to delete apps within six days on an average from the last session. E-commerce apps in particular tend to be deleted within just under 11 days from when they were last used (Adjust, 2018). Moreover in 2019, only 25% of apps downloaded were used more than once (Statista, 2021). In line with these figures, researchers have already been transitioning from preliminary studies in E-Commerce technology acceptance (Davis, 1989) essential for user acquisition, to investigating usage continuance/ user retention (Bhattacharjee, 2001; Venkatesh *et al.*, 2003; Groß, 2016). However, research concerning antecedents of M-Commerce continuance in particular, is still in its nascent stages (McLean *et al.*, 2019; Lim *et al.*, 2021). The limitations of such research further articulate insufficient validity in sectors and geographies other than the ones these studies have been conducted in. Therefore, this study aims to examine antecedents of M-Commerce continuance by studying consumer's repurchase intentions in the context of pureplay multibrand fashion apps in U.A.E.

Based on Gillespie *et al.*'s (1999) initial characterization of user retention in the form of 'website stickiness', Kim *et al.* (2016) define app stickiness as 'the degree to which consumers are willing to continue using a particular mobile app'. Extant literature on consumer behaviour in retail apps examines the effectiveness of factors such as design, personalization, informativeness, gamification as precursors of continued app usage or app stickiness (Hsieh, Lee and Tseng, 2021). However hardly any previous studies focus on the role of AMCs as a driving factor of app stickiness. The novelty of this study therefore lies in examining the effectiveness of an app's agility on consumer's repurchase intentions.

Despite their merit in driving marketing performance, AMCs have often been overlooked in academic research from a consumer perspective (Hagen, Zucchella and Ghauri, 2019; Moi and Cabiddu, 2020). Although such exploratory studies provide depth of research in their

managerial niche, limitations concerning purposive sampling with single case study methods (Moi and Cabiddu, 2020) and relatively narrow cohorts (specific to entrepreneurial cohorts) (Hagen, Zucchella and Ghauri, 2019) suggest the need to examine AMC's deductively by testing propositions in suitable contexts. Multibrand fashion apps struggling to differentiate themselves in a highly volatile and competitive landscape, provide an ideal context to examine the role of agility in driving desirable consumer behaviour, such as repurchase intentions (Euromonitor, 2021a).

Previous research on app marketing originating from emerging countries such as India, UK, Ghana, and China, though valid locally may lack sufficient validity and generalizability on a global scale (Ali and Bhasin, 2019; McLean *et al.*, 2019; Antwi, 2021; De Canio, Fuentes-Blasco and Martinelli, 2021). Despite a high internet penetration rate of 99.15% (The World Bank, 2019) and about two-thirds of mobile phone users shopping once or more than once a month using their devices (Euromonitor, 2020), the U.A.E remains a vastly understudied region in the context of online fashion retail. With U.A.E's M-Commerce alone expected to reach USD 3.8 billion by 2025 (Euromonitor, 2021b), such a consumer behaviour study focused on local pureplay multibrand apps like 6<sup>th</sup> Street, Namshi, Noon, Sivvi, etc., could provide rich managerial insights for regional fashion app marketers. The following table illustrates the various shopping apps featured on the U.A. E's top 25 shopping apps chart for iOS and Android app stores.

*Table 1: Top 25 shopping apps on iOS and Android platforms in the U.A.E.  
Secondary data compiled by author (Top Charts Explorer 42 Matters, 2021).*

App	iOS App Store Rank	Google Play store Rank	Multibrand	Single brand	Pureplay	Marketplace
<b>6th Street</b>	<b>14</b>	<b>16</b>	✓		✓	
adidas		9		✓		
Amazon Shopping	1	1				✓
Centrepont Online	25	15	✓			
Chicpoint	8	10		✓	✓	
DODUae		13		✓	✓	
HnM	9	18		✓		
Level Shoes	5		✓			
Max Fashion	4	6		✓		
<b>Namshi</b>	<b>15</b>	<b>17</b>	✓		✓	
<b>Noon Shopping</b>	<b>2</b>	<b>2</b>	✓		✓	✓
OUNASS Luxury Shopping	23		✓		✓	
SHEIN	3	5		✓	✓	
<b>SIVVI Online Shopping</b>	<b>21</b>		✓		✓	

STYLI	6	24	✓	✓
Vogacloset	18		✓	✓
ZARA	16		✓	

*Table 2: Pureplay multibrand fashion apps in the U.A.E and their U.K/ EU based counterparts. 'No. Brands Retailed' data reported from Edited Market Analytics (2021).*

Pureplay Multibrand Fashion Apps relevant to this study (from U.A.E)	Fashion Market Segment(s)	No. Brands Retailed	U.K/ EU equivalent
NAMSHI	High Street, Fast Fashion	742	ASOS, Zalando
Noon Shopping	High Street, Fast Fashion	570	ASOS, Zalando
6 <sup>th</sup> Street	High Street, Fast Fashion	325	ASOS, Zalando
Sivvi	High Street, Fast Fashion	447	ASOS, Zalando
Styli	High Street, Fast Fashion	20	ASOS, Zalando

The study particularly focuses on U.A.E based males and females from the Gen Z (ages 18-24) and Younger Millennial (ages 25-29, 30-34) cohort who have purchased more than once from a local pureplay multi-brand fashion app, as these form the core fashion consumers highly likely to have engaged with mobile shopping (Euromonitor, 2020).

### 1.3. Aims and Objectives

#### 1.3.1. Aim

To critically examine the combined effects of AMCs of pureplay multibrand fashion apps and consumers' affective states on the repurchase intentions of Gen Zs and younger Millennial consumers in the U.A.E, in order to develop a conceptual model and provide strategic recommendations for fashion app marketers to optimize user retention.

#### 1.3.2. Objectives

1. Critically review existing literature to operationalize AMCs in the context of pureplay multibrand fashion apps.
2. Examine the impact of AMCs on consumers' affective states.
3. Investigate role of affective states – pleasure, arousal, and dominance in driving repurchase intentions.
4. Develop a conceptual model which demonstrates the combined effect of AMCs and affective states on consumers' repurchase intentions.
5. Propose suitable managerial implications for fashion app marketers to optimize user retention.

#### **1.4. Intended Theoretical and Managerial Contribution**

This study aims to build on three key areas of extant literature namely – Environmental Psychology, Agile Marketing, and Mobile App Continuance – particularly in the domain of pureplay multibrand fashion apps in the U.A.E. Theoretically, the research mainly draws on the S-O-R framework from Mehrabian and Russell's (1974) work on environmental psychology to assess the interaction between AMCs and consumers' emotional states, in order to drive repeat purchases on pureplay fashion apps.

While existing app marketing literature examines several environmental cues as precursors of desired consumer behavior, to the best of the author's knowledge, this is one of the first studies which attempts to investigate AMCs as an environmental stimuli. In doing so, the study intends to contribute empirical findings from a consumer perspective to a topic that has largely been explored from a qualitative, organizational perspective (Hagen, Zucchella and Ghauri, 2019; Moi and Cabiddu, 2020). In addition, most existing studies have investigated the effectiveness of various online marketing stimuli in a variety of settings including general E-commerce, tourism, consumer electronics, finance, online bookstores, retailer websites, and single branded fashion apps (Hsu and Chen, 2018; Ali and Bhasin, 2019; McLean *et al.*, 2019; Antwi, 2021). However, no such studies have specifically looked at the context of pureplay multibrand fashion apps. Although such apps and websites have some similarities, the effects of app marketing stimuli in a pureplay multibrand context are likely to reveal potential differences (Desmichela and Kocher, 2020). Therefore, this study attempts to contribute to the domain of consumer behaviour and psychology in m-commerce environments, by developing a conceptual model specifically tailored to the surroundings of pureplay multibrand fashion apps. Moreover, since previous work on app marketing has been limited to certain geographies, this study aims to build reliability by contributing findings from the Middle East (U.A.E), as the region has been consistently overlooked from such literature.

From an industrial standpoint, online shopping environments come with ease of price search resulting in higher switching intentions and hence, lesser repeats (Lee, 2015). Therefore, apart from its theoretical contribution, this study aims to support fashion app marketers and app developers in optimizing user retention by offering recommendations to strategically incorporate appropriate AMCs.

### **1.5. Overview of Research Design**

This study was designed using the principles of positivism (Saunders *et al.*, 2019). A deductive explanatory approach was adopted to develop hypotheses based on secondary literature review. The primary research was based on a cross sectional, mono-method, survey strategy (Saunders *et al.*, 2019). Data was collected using an online questionnaire. This was followed by a descriptive analysis using SPSS. The main findings, were inferred via hypotheses testing using Partial Least Squares – Structural Equation Modeling (PLS – SEM) on the Smart PLS software (Hair *et al.*, 2014).

### **1.6. Overview of Structure**

The research begins with an introduction to the context and rationale of the topic, accompanied by an outline of the overarching aim and specific objectives of the study. This is followed by a comprehensive review of extant literature, which lays the foundation to propose hypotheses and build a conceptual model specifically for the domain of fashion apps and agile marketing. A section on research design then discusses the underlying philosophy, methodology, and research instrument at length. Following this, the analysis and findings provide a detailed statistical examination of the data collected, including validation of the proposed hypotheses, refitting of the conceptual model, and some supplementary statistical tests. The study then discusses the findings by relating them to existing literature and generating practical implications for industry professionals.